Anchor Small Cap Value
1Q 2012 Investment Review

For the first quarter ended March 30, 2012, Anchor's Small Cap Value composite returned +12.41% while the Russell 2000 returned +12.44% and the Russell 2000 Value returned +11.59%.

The rebound in US equities that began late summer 2011 continued strongly through the first quarter of 2012. Abundant signs of macroeconomic recovery were further confirmed by strong corporate earnings results reported for the fourth quarter of 2011. The improving U.S. economy has enabled U.S. stocks to continue lifting from recession scenario levels that were last seen in late summer 2011, and we were well positioned to take advantage. Specifically, Anchor entered 2012 fully invested and well diversified, including sector over-weights in economically sensitive groups that include Technology, Energy, Materials and Producer Durables.

The continued historically low level of interest rates, high levels of corporate cash, and residual investor risk aversion following the financial crisis of 2008, continue to create a potentially powerful stock market backdrop for the intermediate future. To the extent that company managements feel any less buffeted by domestic regulatory or European sovereign debt headwinds, we feel they may re-embark on strategic merger and acquisition programs to grow, and to boost their top lines. This can only help underpin improving performance, and in many cases, show in stark relief the cost cutting and rationalization that many domestic companies have put in place through the Great Recession period, as well the last decade and a half. This should, we feel, result in powerful operating leverage in the future. That said, we are three years into a strong stock market recovery and we continue to be very price sensitive in relation to normal, over-the-cycle earnings estimates for our holdings. The push and pull between negative real rates and an accommodative Fed on one hand, and the long term structural dislocations and lack of fiscal discipline from Congress and the Executive Branch on the other, will create challenges and opportunities which we will continue to be forced to maneuver through.

For the quarter, we benefited from good stock selection in Consumer Discretionary stocks, which were the strongest performing sector. We were 30% overweighted in Technology, and our selection was favorable, which also contributed to positive relative performance versus our benchmark. Most markedly, our double weighting in Producer Durables, which is a broad category in Russell industry classifications, helped relative performance as well. One aspect of our portfolio construction, our moderate underweight in small banks, penalized us modestly in relative performance, since Financials represent 37% of the Russell 2000 Value compared with our average portfolio weight of 20% during the quarter. We have endeavored to be very selective with small banks, as valuations have already rebounded rapidly from recession levels, and selectivity is essential at this point of the cycle. With this in mind, we have built our Financial exposure back up to greater than 20% from a low of 8% in 2007.

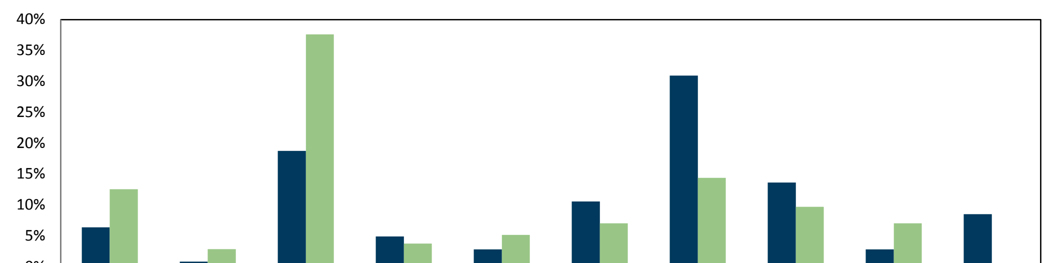
Positive contributors to performance, in order of portfolio contribution, included: Lions Gate Entertainment (Hunger Games), +62.7%; Esterline Technologies, (a defense and commercial avionics manufacturer), +27.7%; Littelfuse, (a circuit protection producer to the automotive and electronics industries), +46.4%; Incontact, (a cloud based software solution for call centers), +26%; and Kaman Corp, (an aerospace parts and systems manufacturer), +24.9%.

Detractors in order of portfolio contribution, included: JDA Software, (a producer of merchandising and supply chain software solutions), -15.1%; Skywest, (a regional airline), -11.9%; Douglas Dynamics, (a manufacturer of snow plow equipment), -4.5%; AAR Corp, (an aircraft refurbishment and MRO servicer), -4.5%; and Alaska Air, (a national airline), -4.6%.

We exited 2011 fully invested, which was a benefit to us in the current quarter. We eliminated Lions Gate into strength, and we also eliminated Harleysville Group - which is being taken over - resulting in some frictional cash. We are constructive about prospects for the balance of the year, but believe there will be periods of volatility given ongoing European fiscal challenges, the U.S. Presidential election, and the overhang in consumer confidence from the financial crisis. We will continue to be vigilant and price sensitive but also opportunistic as we move through the rest of the year.

Charlie Pohl
Portfolio Manager
April, 2012

Sector Breakdown – Small Cap Representative Portfolio (as of March 31, 2012)



	Consumer Disc.	Consumer Staples	Financial Services	Energy	Health Care	Materials & Processing	Producer Durables	Technology	Utilities	Cash
Anchor SCV	6.4%	0.8%	18.7%	4.9%	2.8%	10.5%	31.0%	13.6%	2.8%	8.5%
Russell 2000 Value	12.6%	2.8%	37.6%	3.7%	5.2%	7.0%	14.4%	9.7%	7.0%	0.0%

Top 10 Holdings*			
Signature Bank NY	3.6%	Columbia Banking	2.8%
Esterline Tech	3.1%	inContact	2.8%
Hub Group	3.1%	Owens & Minor	2.8%
Wabtec	3.0%	Kaman	2.6%
Community Bank System	2.9%	Park Electrochemical	2.5%
		Total % Equities	29.2%

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Performance* - Selected Regimes

Period	Dates	Anchor Small Cap Value	Russell 2000***	Russell 2000 Value**	S&P 500
Credit Crunch and Panic	1/2008 - 2/2009	-35.03%	-43.19%	-42.48%	-43.33%
Recovery	3/2009 - 4/2011	49.12%	46.56%	43.99%	35.76%
US Government Downgrade	5/2011 - 8/2011	-13.21%	-15.64%	-15.55%	-9.93%
Year to Date	1/2012 - 3/2012	12.41%	12.44%	11.59%	12.59%
Inception of Strategy (Period)	7/2002 - 3/2012	232.78%	203.83%	193.49%	172.89
Inception of Strategy (Annualized)	7/2002 - 3/2012	9.05%	7.58%	7.00%	5.78%